

committee." So they are not allowed to publicize the fact that the Saudis are paying for it.

Included in the documents are a list of suicide bombers, literally a list which people at this point is not on the Internet, but is available in the public domain, that the Saudi government pay the \$5,000 American literally to people who were suicide bombers.

So I agree with the gentleman completely. Is that moderates? Is that who we can expect? The one mistake I think in terms of the war on terrorism that the administration is making is this attempt to make something that is not. I think the proofs are the facts that the Saudis unfortunately are really not our allies in this war against global terrorism by their actions and by their specific deeds.

What I would like to do quickly in the last minutes is really just put up on the easel again some of the extensive evidence tying Chairman Arafat specifically to the terrorist actions. There has been an attempt by the President to also make a Yasar Arafat exemption to the war on terrorism, and it is a sad and, I think, tragic mistake of the administration.

The facts are the facts. The truth is the truth. These are one of several documents. At this point the Palestinian authorities are no longer inferring, as originally they did, that the documents are hoaxes. These were found by soldiers in the hard drives of Arafat's compound; and in fact, I spoke with the parents of a soldier who, in fact, was one of the soldiers that did, that was killed, and in the interim, the parents before, because it was in a different incursion, he was in Ramallah, he ended up being killed in Jenin, actually called his parents and explained to them what he did and by his own words told me what their son told him. In fact, he actually got these specific documents and the young man, 20-year-old young man, that died.

This particular document, which at this point again, there is no question about its authenticity. It is signed by Chairman Arafat, his signature, and specifically, it is a request by a senior Fatah activist in the West Bank for \$2,500 for three known terrorists, terrorists that were on the Israeli's most wanted list. In fact, the Israelis were assassinated because of specific direct involvement with terrorism, and Chairman Arafat signs and approves those payments.

He does the same in this chart for a list of 12 known terrorists and again his signature, which at this point is no longer refuted in terms of his direct involvement in terms of terrorist acts.

In some ways this is one of the most disturbing documents found. It is a list of expenditures by Al Aqsa Martyrs Brigade, a martyr group, a list of their specific needs; and as incredible as it is, we meet every week five to nine, explosive targets. The squads in the various areas, five to nine explosive charges for suicide bombs, for murder

bombers, written by Al Aqsa, to the Palestinian Authority, in their office was found and the calculation of how much they were going to pay them.

It is just not credible that they were not involved in direct bombings, suicide bombings.

Here is a copy of minutes of a meeting from March 24, 2002, of the Palestinian Authority. Hamas members were there at the time. So again it is not credible to say that Chairman Arafat obviously was at this meeting, but specifically talking about minutes from the meeting, talking about the decisions of where to bomb and why it was not a good time to bomb because or where outside the green line or inside the green line. General Zinni was there.

I am going to close because our hour is just about up, and there are more things that I can mention or show, but I think that in closing Israel's war is America's war. Israel does not want to be in Bethlehem or Nablus or Jenin anymore than America wants to be in Afghanistan. They are there because they have to be there. They have no choice.

I will not show a chart of it, but Israel is about 1/60th the size of the United States in population. When 50 Israelis are killed, it is the equivalent of 9-11. So just yesterday it was almost the equivalent of one-third of 9-11. We know how America responded on 9-11, as we should and as we did and as we are doing. We cannot ask anything less of the Israelis.

#### EDUCATION TAX CREDITS

The SPEAKER pro tempore (Mr. OTTER). Under the Speaker's announced policy of January 3, 2001, the gentleman from Colorado (Mr. SCHAFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFER. Mr. Speaker, I want to spend this leadership hour discussing in the context of Special Orders the important issue of education and specifically of education tax credits. There is legislation that I am working on, preparing for introduction within the next few weeks and have been working on that legislation for some time.

That legislation is supported and enjoys the assistance of a great number of our colleagues, growing coalition, large coalition of Representatives here in the House and even some over in the Senate who are firmly convinced that an education tax credit bill should be introduced; and to all those who may be monitoring today's proceedings and this discussion on tax credits, I want to extend an invitation to our colleagues to join me here on the floor if they would like to participate in a discussion on this important initiative.

It is an important initiative and one that really extends beyond the walls of this House in terms of its appeal and its scope. There are a great number of outside organizations, family groups,

taxpayer groups, educational organizations that are supportive of an effort to try to get more cash into the American education system and to do so in a way that does not discriminate based on the kind of institution that is providing an education service or certainly does not discriminate based on the children and the choices they have made on where they might want to attend school.

This is an effort to try to get a massive cash infusion of funds available to all children in America, regardless of the academic setting that they have chosen in which to learn; and it does so by essentially cutting government out of the picture, which is attractive for some, which is a problem for others, I understand; but my goal is not to worry about the comfort of those who are comfortably employed in the halls of bureaucracy, dispensing education cash to children. My goal is quite the opposite and that is to make children the primary objective of our education initiatives in Washington and throughout the country.

Here is how a tax credit works. It essentially reduces the tax burden on an American who makes a direct cash contribution to a child who is attempting to receive a better education. In some cases, that might be through an organization which we have referred to in legislation as an education investment organization. These groups exist in all 50 States today. Some of them provide scholarships to low-income children so that they can attend the school of their choice.

The other component of the bill would allow direct cash contributions to government-owned institution organization public schools for specific projects or enrichment programs that exist at these schools; and once again, a contribution to an effort of that sort would result in a reduction in Federal income tax obligations to the extent of 50 percent in the case of the bill that has been proposed.

It might be instructive, Mr. Speaker, to kind of run through how money gets to children today, and I will refer to the chart here to my right. At the top, we have a taxpayer. This represents any ordinary hardworking American who is working hard today, having a portion of his wages confiscated by our government at the time he received the paycheck, and of course, in April we try to get a portion of that back by filing our tax returns. Americans throughout the country today are getting a portion of those dollars returned to them, and these are essentially payments that they have sent to the government or money that the government has taken from them over and above their actual obligation to pay.

So I want to start there with taxpayers because nobody likes paying tax. I do not know too many people who have ever told me that they enjoy paying taxes, but as Americans we understand our obligation to do it. There

are some legitimate functions of government that are worthwhile and important and, in fact, essential to maintain a sovereign Republic as our country is, and so we are all consigned to pay a portion of our earnings to the Federal Government to maintain those legitimate functions of government.

Education is certainly an important function of government, providing an education system for our children. This is a function that has been traditionally a State responsibility, but over the years we see that more and more education authority has been moved out of the States and toward Washington. We saw that take place just last year with the massive education reform bill that was passed here in Congress and signed by the President, and that was done to try to accomplish the need of more accountability in education across America so that we have this whole strategy now of national testing and national accountability and national rules that try to dictate more precisely how these dollars will be spent.

I want to start there because for many in government that is a perfectly fine system, this system I am about to describe; and it works well for some. I do not believe, however, it works well for all, and that really is the motivating factor behind tax credit legislation.

Most Americans are like this guy right up here. They work hard and they are willing to send their cash to Washington and trust us here in government, politicians, to divvy up these funds and establish priorities; and to the extent that we do a good job of spreading these dollars across the priorities that tend to coincide with the attitudes, opinions and beliefs of the taxpayer, this works perfectly well.

Most Americans are like me; they tend to think that they are overtaxed. They tend to think that the government wastes too much of their money, and they tend to think that by the time a hard-earned dollar paid reaches the intended purpose of a particular government program, there is so much lost in the middle here that there is not much left at the end; and that is again what I intend to describe here.

If a taxpayer knew, however, that the dollars they send for an important purpose, education, for example, really reached a child, I think people would be a little less resentful of this system that exists here; and we might describe this as kind of a spending funnel, as dollars come from the taxpayer to government.

They are confiscated, as I mentioned at the time, right out of Americans' paychecks. Those dollars are taken in by the U.S. Treasury. This is where we find the Internal Revenue Service that we are all familiar with, especially as it relates to paying taxes. Then it is subject to a number of political decisions. This is us here as Members of Congress, all of us here, politicians. We come to this floor and decide how to divvy up taxpayers' cash.

□ 1745

A portion of these hard-earned dollars are spent on the U.S. Department of Education. The Department takes money and distributes those dollars to States, primarily. Some of those dollars go directly to local school districts, but most of them are distributed down to the State level. Once those dollars get to the State level, you have more politicians, State legislators in this case, and Governors, who redistribute those funds on a Statewide basis to programs that they believe to be important in their States. Once those politicians are done, a certain portion of those dollars are spent on the State Departments of Education. From the State Department of Education, the taxpayers' money then goes to school districts throughout the country.

Most school districts, if not all, are managed by an elected board of politicians, school board members, and these politicians then redistribute the taxpayers' dollars even further, down to the various schools that are managed within a school district. And then once those dollars are at the school, why then the principals and the administrators who run the individual schools distribute those dollars to the student, way down there at the bottom, who is pretty happy to receive any attention and resources with respect to his academic future.

That is how American education dollars get to students today, within the context of Federal spending. Again, hardworking taxpayers send cash to Washington, on an involuntary basis, I might add, and those dollars are then filtered through this entire process of government agencies, politicians, government agencies, different levels of government, other politicians, other agencies in the States, smaller jurisdictions, being school districts, more politicians who run school districts, down to the schools, and finally to the child.

Now, what is unfortunate about this picture is that every one of these levels of bureaucracy and political decision-making, they actually cost money too. You see, it costs money to run the Department of the Treasury and the IRS. So they take their cut and they get their portion. We here in the Congress, we have other priorities, and of course we have to pay for this building, too, and pay ourselves handsomely for the hard work we do here. So some of that money is lost here.

Over at the Department of Education, as we have known through the audits that have been very difficult to accomplish over the years, some of that money has just been stolen. Some of it has been lost over the years. Things are getting turned around slowly over at the Department, but even still that is a big agency. They have a number of very large office buildings here in Washington and there is a lot of people who work there, so we have to pay them, too. And then we have to ac-

count for a certain percentage of those dollars that are lost due to waste, fraud and abuse. So the Department takes its cut, and that is a pretty big one, by the way.

Then at the State level of course you have this State process where the States, in order to administer these Federal funds, they need a portion of those dollars, too, because those employees who exist to redistribute Federal funds through the States, they have to be paid, after all. And the politicians at the State level, they have priorities of their own also, and so they skim off a little portion of the money.

The State deputies of education work very similar to our departments. They are really embroiled in a lot of record-keeping and accountability, filing of reports, and just dealing with all the red tape of education. That costs money. So we have to pay for that, and that comes out of these dollars, too.

Then you find the same at the school district, because what you have here is a bunch of people who communicate with each other. Since these dollars are distributed through this process up above, they want to make sure that the school districts down here at the bottom are spending the dollars the way these bureaucrats want them to be spent. So they require all kinds of reports to be filed and accountability requirements and strings and red tape as well just to make sure the dollars are being spent the way these people in these agencies believe it should be spent. And so you have a lot of people who fill out a lot of paperwork at the school district level, and of course they need to be paid. So there is an expense associated with that.

So paying for all of that nonsense comes out of this taxpayer dollar, too. Same with managing the schools. There is an accountability chain here that is pretty intense, with every principal filling out reams of paperwork in order to satisfy the Treasury Department, the politicians, the Department of Education, the State, State politicians, State Department of Education, school districts and school board members that the principal is spending the dollars correctly. And so you have just got all this paper running back and forth, with site inspections too, I might add.

In order for the Department of Education, way up here, to be able to persuade us here in the Congress that they are doing a good job, they send auditors down here to the schools. And when they show up, the school has to stop teaching for a while and the administrators need to answer all the questions of the interrogators who come from the Department of Education to make sure the money is being spent well. And by the time you get your dollar through this whole process, all of these agencies have skimmed off quite a sizable portion, so that the dollar amount that actually reaches the child is very small.

Once again, this process obviously makes sense to somebody, because it

did not occur by accident. It occurred over many, many years, through a series of successive votes here on the House floor. And we here in the House and over in the Senate and down at the White House over the years deliberately built this system the way we have it today.

So when we talk about trying to improve it, do not get me wrong, it does disrupt the comfort level of some people who understand this process. There are people who like this. The kids probably do not, but there are people who work in all these agencies, a number of politicians, our colleagues, who get to make important decisions on how these dollars are spent. They like this process just fine because it suits them well.

And at the end of the day they believe in their hearts they are doing something worthwhile for kids. I cannot deny that. And I think these are probably good people who we can find throughout this process. It is just that, in my estimation, it is probably not the best way to get money from the hardworking taxpayer down to the needy child who deserves a good education.

So in constructing a process by which we can get more dollars to the child, and bypass this whole process, just from a political standpoint we have come to the conclusion that changing this very dramatically is not all that practical. These people all have lobbyists. They have people who represent them that stand just outside the halls of the Congress here, and they strike up friendships with our colleagues here in the House and over on the Senate side. And when you talk about changing the way the Department works or the way the States work or the way these school boards work or the State departments, or even the way we manage schools, you are in for a political fight that leaves the child down there behind and leaves the taxpayer behind. You get caught up in this whole mess of bureaucracy. And those who care about the taxpayer and care about the child usually lose these battles.

So I have fought them for years at the State level and I have fought them here in Washington, and they are fun battles to be a part of. They make you feel good and warm inside, because you care about the kids, but at the end of the day this bureaucracy always wins and it always gets bigger. So my point being that changing this is a good idea, something that needs to happen, but focusing all our attention on this process is probably not going to result in measurable meaningful help to the child down there. The politics of this are just too big.

So we have something different in mind, and that is this tax credit proposal. We did not invent it here in Washington. I certainly did not, although I am very impressed by the efforts that are taking place throughout the country in a number of States, because the States are frustrated with

this, too. So what we have seen in a handful of States around America is an effort to bypass this bureaucratic process, too, by trying to get these dollars around this bureaucratic system down to the child.

That model looks more like this. Here we have the same taxpayer, way over there to my right, and those dollars that he is earning come directly to the child. Now, the way this works is for every dollar donated to an organization that benefits students, or donated directly to the child's school, that taxpayer will be able to reduce by a certain degree the amount of money he sends to Washington through that other process that I just mentioned. And that is really all that is behind a tax credit.

In that other system that I described, this one here, over the last 25 years, we have spent \$125 billion just this way. This is how we have done it. And when taxpayers get frustrated by the huge amounts of money they have spent and the less than impressive results they have received for those expenditures, this really explains why: \$125 billion spent through this process over the last 25 years.

And in America children still languish far behind their international peers in the areas of math and science. The racial achievement gap in America on test scores is actually widening, not getting smaller. The test scores, according to the Nation's report card, the National Assessment of Education Progress, have remained largely stagnant over the past 20 years.

So once again, I will acknowledge and concede that there are many people who like this system, who are appreciative of the \$125 billion that have been spent through this process, and some people are actually satisfied with the results. I am just a little different, I guess, and maybe the people that I represent in my district in Colorado are as well.

And we are not alone there. I have traveled all around the country with our Committee on Education and the Workforce, as a member of a particular subcommittee that does research on education issues. We have traveled to cities all across America, and I have heard at stop after stop after stop, in all of these field hearings, from droves of parents who are tired of seeing their tax dollars squandered and having their children grow up with something less than an excellent education system available for them. What they want are choices. They want choices to be able to act like customers in an education marketplace.

Now, for many people, choosing the government-owned school in the neighborhood, the traditional public school, is all they want. They are content to move into a neighborhood, call the school district, the government agency that runs schools in their area, and ask them, what school do I send my child to. And what usually happens is the school district will say, what is your

address. You give them the address and they look at a chart of some sort or a register of addresses and they compare those addresses to the nearest school and they say, well, since you live at 123 Smith Street, for example, then you go to school A. And that is the choice you get. Many people are content to do that. They are fine with the notion of their government dictating their school for their child based on their address.

And for parents who like that sort of thing and feel comfortable with that and believe the results are good, I say great for them. That is a good choice for them and for their child. And more power to the parents who want to let other people make decisions for their children about what schools they attend. That is great for them. There ought to be schools for them. Others would like to choose a different public school, a different government-owned institution. Instead of school A in the neighborhood, they might want another school A in a different neighborhood that is run by the same organization but maybe has some different flavor about it, some different emphasis, perhaps on math or science, or maybe discipline, maybe sports. It all depends. If a parent believes that product is in the best interest of their child, well, by all means they ought to be able to choose to send their child to that different academic setting.

And then there are still other parents who believe that the government-owned monopoly structure of education is not for them; that they might want to send their child to a privately owned institution, a school that maybe excels in one area or another; again, maybe math or science, or maybe it is a school that has some character quality about it that defines it. Maybe it is a religious school, maybe it is a school that focuses on a foreign language, or whatever the case may be.

But for them, they are really out in the cold, to a large extent, because the money they are paying to this large government structure is not available to them when they want to take their child to a different school that is not part of the government monopoly. And that kind of discrimination plays disproportionately on the poor. Because wealthy people in America can choose to forego the cash they are sending to the government and pay even more on top of that to pay the tuition to send their child to a nongovernment school, a private school, or even maybe provide tutoring or some other academic services. But if you are poor, you are pretty much stuck with the option that is handed to you.

And, again, if it is a good school, that is a great thing, and I would not want to tamper with that. But if it is a school that is failing, then that is a child that needs to be rescued, frankly. That is a child that deserves our compassion, deserves our support, and deserves our attention. And that is what this discussion is all about and why so

many people, including our President, have indicated their unyielding support for education tax credits.

□ 1800

Mr. Speaker, let me give an example of the way tax credits are working in a number of States. First, six States have enacted some form of tax credit at the State level, and these are generally for elementary and secondary education services. Arizona is one, Minnesota, Iowa, Illinois, Florida, and Pennsylvania are probably the best examples. There are several other States, probably over 30 right now, that are considering in their legislative sessions enacting similar legislation.

This is the case in my home State of Colorado. It is a vigorous debate that is exciting because it is finally beginning to focus on children as the most important element of education debate, not as the chart here on the right illustrates, all of the education constituencies that tend to be a part of education discussions in America today. This is really true.

When we talk about empowering States, that threatens the Federal Government and their Department of Education. When we talk about moving authority to Washington as Congress did last year, it threatens States and local school districts. So we have some of these conflicts that exist between various levels of government; and too often the education debate here in Washington centers on the relationship between these institutions and these bureaucracies.

We need to get away from that. I think we need to get to a point where we start measuring fairness by the relationship between children throughout the country and making sure that all children are treated fairly. We can care about the bureaucracy, too. My point is that should come second. The children should actually come first. I know there are Members that believe that bureaucracies should come first, and with them I always enjoy having the debates on the floor. They are even better when those who want to put the bureaucracies first are honest and willing to engage in a debate on whether some union wins or some school building wins or some administration happens to win.

But in the end what I have heard from Americans across the country is they want to see us begin to talk about children for a change and what we need to do to make children become the victors in an education debate. That is what these States are accomplishing. The tax credit initiatives that we have seen in the States went through these vigorous debates to begin with. There were people in government at the State level that said if you give parents choice, if you empower children and give them the ability to shop and choose the kind of academic setting that they want to be a part of, that threatens these government decision-makers that have made the decisions

for them. These debates have been vigorous and public and spectacular at the State level. Even as some of these tax credit initiatives were enacted by States, there was some doubt about whether or not they would work.

In those States where tax credits exist, we are beginning to see public support for what they are achieving as being quite remarkable. They are winning over public confidence at a pretty dramatic rate, and they are bringing people together across partisan lines. One would think that this is a proposal that appeals to conservatives as opposed to liberals, and throughout the States we are seeing education tax credits are appealing to groups that really do not care about the politics. They do not care whether these are proposed by Republicans, which is what I am, or Democrats, or liberals or conservatives. They just want to see Congress finally talking about children for a change and not the bureaucracy, not the politics of it.

Here again, once these tax credit proposals are up and running, and we see these massive cash infusions taking place into the education systems of these various States, all of a sudden people get it because now the poor child who has been trapped in a bad school finally has a little bit of liberty and freedom. They get to attend better schools, and the schools they leave get better as well. Just the force of the marketplace that we see in every other important industry in America has been denied, for all intents and purposes where the most important industry is concerned, that being education; but in these States that I mentioned, we are starting to see children benefiting and schools benefiting as a result of just a small introduction of a tiny representation of a market-based economy, and a market-based approach to public schooling.

There is a corporate tax credit component that we find in some States as well that allows businesses to target some of the most needy schools within a State. When a corporation helps to replace the leaky roof, for example, at an inner city school in the city, that corporation also receives a commensurate reduction or related reduction in their tax obligation to the Federal Government.

The way we have structured this bill, we actually get a two for one benefit as a result of these kinds of investments. In fact, our bill calls for a 50 percent tax credit, which means for every dollar donated to the school, the donor's tax liability to the Federal Government is reduced by half of that amount. From our standpoint, from the government's standpoint, for every dollar that does not come to Washington to be spent on education by the bureaucracy, \$2 are spent on a child. When we couple the Federal proposal with what we see taking place in the six States that I mentioned, well, the benefit to children becomes rather dramatic and exciting.

Just a few weeks ago the Committee on Education and the Workforce held a hearing on this topic, and we heard from at least one child that represents several throughout the country, I am convinced, give his opinions about the benefit that he has received and realized as a result of receiving a scholarship. Here is his testimony. His name is Joshua Holloway. He says, "I was born in Denver. My favorite subject is football. I am 10 years old. My mother passed away last year. I have a brother who is 6. His name is Jeremiah. We go to church every Sunday. Before I go to school, I read the Bible. I live with my grandfather. Sometimes my cousins come over and we play outside and play video games. Before my mom passed away, she told my grandfather to bring us to Watch Care."

I might inject here, Watch Care is a school in Denver, Colorado, that is a private school and Joshua was only able to attend because he received a scholarship from a private education investment organization.

"We were at Watch Care before we moved to New York. My grandpa could not afford to pay for me and my brother." Mrs. Perry, who is the principal at Watch Care Academy, told him about a particular scholarship that exists in Colorado. The testimony goes on: "My grandpa applied and we received an ACE scholarship. Jeremiah and I say thank you. It is with your help that my grandpa is able to bring us to this fantastic school. I know my mom is happy and thanks you also. When I grow up, I want to be a lawyer, and then a football player. Thank you for helping all of the children who are getting such an education through your program. I want to win. This will help my grandpa with money for Jeremiah and I."

He thanks us for considering these tax credits. Joshua came and testified before the Committee on Education and the Workforce on April 16. His testimony was moving. I think it held most committee members spellbound, and it spoke clearly about who benefits. It is contributions to this kind of scholarship program which will be eligible for the tax credit that we are proposing in the legislation.

The gentleman from Michigan (Mr. HOEKSTRA) was at that hearing and is one who has been devoting a great amount of time over the years to perfecting this tax credit proposal.

Mr. Speaker, I yield to the gentleman from Michigan (Mr. HOEKSTRA).

Mr. HOEKSTRA. Mr. Speaker, as we try to help young people like Joshua, last week I had an opportunity to go through a public charter school in my hometown and explain to some of the parents and some of the teachers and the principal exactly what we were looking at with the tax credit proposal.

There was a tremendous amount of enthusiasm because they recognize that not only would it help Joshua in this case, but it would also help the students at that school, a public charter school, to get some additional resources for some things that they felt

that they desperately needed; and it would not require them to go to the taxpayers and raise the tax. It allows them to go directly to the people who have a vested interest in that school. Whether it is a public charter school, whether it is a traditional public school, or whether it is the kind of school that Joshua goes to, these tax credits, number one, will provide for a significant infusion of new money into our local schools for all of our kids and will get everybody vested in improving education for every one of our kids.

The gentleman and I go through this process each and every year where we have the opportunity to nominate kids to the military academies. We know that there are some tremendous kids coming out of our public schools. We know that there are some tremendous kids at the school I went to, the charter school; there was someone leaving there on June 27 to go to the Naval Academy. They are doing a good job. There are kids coming out of our private and parochial schools that are going to our academies.

When I speak with students as to why they are in private school, they will often say that this one just kind of fits me better or fits what we need to get done and what my parents thought that I needed. I think that these different kinds of educational alternatives are tremendous, and then allowing parents and others in the community to invest in these schools, to increase the amount of money that is going into education, without the red tape, without the great sucking sound which is a dollar coming into Washington, us taking our cut and feeding it back. Actually it is a two for one. They invest \$2, and it costs Washington \$1 because that is the ratio. It is a \$500 donation, but it is only a \$250 tax credit. It is a real win/win for the school, for the child, for the parent, and for the taxpayers because what we are doing is moving more money into education, which we have identified as one of the most important priorities that we have in the Nation today.

Mr. SCHAFFER. Mr. Speaker, some Members have tried to demonize tax credit proposals that we have seen in the States, and even our proposal in Washington, as a voucher. The voucher, as we say, is the "V" word here in Washington that has such a connotation about it because there are some many organizations that exist to prevent that kind of a school choice mechanism from taking place.

One of the ways that they have tried to characterize the tax credit provision proposal that we have is by referring to it as a voucher, but it is nothing like that. A voucher would essentially be effectively a taxpayer giving their cash to the people here in Washington, and the government here giving those dollars back through a voucher, kind of a check, that could only be spent the way that the government says it can be spent. We are not proposing that at all.

Mr. HOEKSTRA. Mr. Speaker, the difference between what we are trying

to do and how Members characterize vouchers, vouchers are typically viewed as taking the educational pie, the amount of money that we are investing in education and redistributing it so that means that there are some people that are going to get less money; and since there are new people getting money, they are going to be getting more money, so somebody is going to be left out or they are going to go home with a smaller check than they got before.

That is not at all what we are doing here. We are saying that there is the money coming into Washington, about 7 percent of all the education dollars come into Washington, and what we are doing is saying that money is going to stay there. We are going to keep increasing that. That money has been going up, but now we are going to create a new educational investment fund that is going to be driven at the local level and not at the Washington level. Basically, this is new money where people are saying I am willing to contribute extra money to education if I can determine where it goes and what it is going to be used for, and if I can build that relationship with my local public or private or local charter school; and if they can come to me and make a compelling case as to how this is going to benefit the community and the children in our community, I will write that check. The states are finding that they are doing it.

Mr. SCHAFFER. What we are trying to accomplish through this legislation is a mechanism that reflects what we have been hearing throughout the country as we have held field hearings and listened to parents.

□ 1815

That is, number one, they want to be able to make the choices necessary to advance the academic goals of their child, but even more is this important point. That is, that Americans are willing to spend more money if the dollars they spend really help a child. They just do not have the faith and confidence that this system I described earlier, and illustrated through this chart, that spending money through the Treasury Department, politicians in Congress, the Department of Education, State politicians in the State legislature, State Departments of Education, school board members, more politicians, schools and principals and ultimately the child, Americans inherently know that funneling cash through this bureaucratic process means that you have these agencies take their cut and that the dollars that get to a child are small.

If this process worked and these dollars really did get to a child, I suppose more Americans would feel very good about this and comfortable with it, but as it is now, the children do not feel good about this, the taxpayers do not feel good about it, some of these people in the middle, they certainly feel good about it because they get some of the

money, but what we have tried to do is take this sentiment that has been expressed by taxpayers when they tell us, if know the money is really going to help a child, especially a poor child, I will spend more, I am willing to spend more, I will make the investment in the child so that we can improve America and improve the education system.

I would like the gentleman to address, if he would, the reality that although I described this in kind of a negative way, since we are talking about new money being invested in the child down there, we can do this without really threatening the people who like this kind of nonsense here, who like this kind of system. We can do this without touching this.

Mr. HOEKSTRA. That is exactly the point that I was going to make. That system, with the tax credit, is going to stay in place. We are not going to take money out of that system, although that system takes out about a quarter to a third of every dollar that we commit to spending on education. When the dollar starts here in Washington, before it ever gets into a classroom, we think we lose a third. We are not going to get into that argument as to whether that system is effective, efficient, and whether it is working or not because the other thing that comes along with that is when that 67 cents get into that local classroom, the local teacher, the local principal, the local superintendent, they have been told pretty much how to spend this money and what they can spend it on.

We are not threatening that system. We are leaving that system intact. We have tried that before, saying we do not think that system works and all of that. We are just saying that, hey, there appear to be a lot of people in Washington and maybe even at the State level and a lot of people in this Chamber would like that process that says, "We are willing to have 33 percent of every dollar bleed off just so that we can use that money here in Washington to tell people what to do in their classroom at home, we think that is a good deal." We are not going to argue with them on that, although we probably at times have, but that is not what this is about.

This is saying you can keep that sacred cow, you can keep that system intact. What we want to do is we want to have a system that is not going to even come nearly as big as that one, but one where the relationship and the linkage is directly between the people in the community and the school and the children, where the local carpenter, the local contractor, the local plumber when they go out and do their work, get paid, pay their taxes to Washington, if they have a little bit of extra left, they can write a check directly to their school and we know that they are doing that in the six States that have passed tax credits. They are willing to put more money into their kids.

Mr. SCHAFFER. It is an important distinction to make, an important

point that I think the House needs to keep in mind as this debate moves forward and the legislation eventually comes to the floor, that the bureaucratic model that exists today, it is a problem and it ought to be fixed, I think maybe someday it ought to be replaced, but that is not what this tax credit proposal does. It instead sets up a different mechanism to fund education and to provide this massive cash infusion in schools in addition to that bureaucratic model. It does so not by changing the education laws or dealing with redistributing the education money that is spent currently or even disrupting the scheduled increases in funding for the bureaucratic model. That is going to continue on unimpeded, unimpaired because, as you mentioned, there are so many people here in Washington who like that and support it.

But what we are suggesting is that we can, in tandem through the Tax Code, make the necessary changes so that it becomes advantageous for Americans to work hard, to donate their cash to America's schoolchildren, to do it directly and bypass the bureaucratic model altogether.

If you need a visual of how tax credit work, this is it right here.

Mr. HOEKSTRA. If my colleague will yield, because the other thing that we know is we know what the difference is. In your model, it goes directly from the taxpayer, it can go directly down to the school district. We eliminate all this and we save that 33 percent. Actually what we do is we double it. We take the dollar, and rather than taking the dollar in this model where it shrinks it down to 67 cents, what we do in that model is we take the dollar and we multiply it to two, so it is a great contrast.

If the gentleman will leave the chart up for just a second because the other contrast is, you and I have worked pretty hard over the last 4 or 5 years, I think we have finally made some progress now that we have a new administration, but for a number of years the money going into this system could not be tracked. We did not know where it went. This organization right here, the Department of Education, could not get a clean audit. They could not tell us where the money went. There were all kinds of cases of waste, fraud and abuse, well documented. I think at last count, 18, 21 people are pleading guilty and have been sentenced for the crimes that they have committed but the accountability system really was not here.

With Secretary Paige and all that, we are very optimistic that they are going to get a clean audit so they can tell us exactly where that 33 percent goes and we will be able to determine whether we have value or not. But we are not threatening this system. The accountability model over there is very simple. If the principal or the superintendent or the local school board cannot convince the local taxpayer

that the purpose that they need the money for is an appropriate purpose, they do not get the money. And if at some time in the future they get the money and they waste it, they will have broken trust with their constituencies and they will not get another check; whereas, if they spend it wisely and the people say, wow, what a great investment, they will get more.

Mr. SCHAFFER. This model that you are displaying here, it is just impersonal. Because if a school district does a bad job and children suffer in a particular school, under this system the schools just keep getting cash. It just keeps coming. In some cases they actually get more. We reward failure oftentimes through this process and it is too impersonal. The people making decisions up at the top end of that funnel, or that tornado there, they are so far removed, those of us here in Washington, you are from the State of Michigan, I do not know your constituents in Michigan, I do not know the names of these kids and you do not know the names of the kids in my district.

Mr. HOEKSTRA. Yes, I know Joshua.

Mr. SCHAFFER. That is right. He came and testified. But that is indicative of a Federal system where we try to make laws and establish policy to help children in different neighborhoods throughout America. It is too impersonal. By the time those dollars get to kids, there is no human connection between the people who are calling the shots and establishing the policy and the poor child who is either languishing or succeeding in a school. But this model is very different because the person who contributes the money understands the value of the donation. And if that donation strikes them as a good idea, a good investment, something that is yielding appreciable benefits for the community and elevating the hope and future of children, that taxpayer is going to feel good about that donation and they are going to continue to make the donation. In fact, they might even make more as time goes by.

That is just what we have seen in the several States that have tax credits, is as time goes on this tax credit strategy becomes favored over the bureaucratic model and more taxpayers like this system in a way that makes them feel better, makes them more generous with their dollars and in the end they are getting massive quantities of cash to the neediest children.

Mr. HOEKSTRA. The other thing that happens and like we said earlier, we do not threaten this system. We are not taking money. We are not shrinking this funnel. This funnel is going to continue to grow and expand. This funnel will be there for people who like the guarantee of, yes, this money is coming in and some of it is going to filter its way down here and when it gets here, they are going to tell us how to spend it. If they like that kind of model, this model is going to stay

around. What we want to do is we want to complement this model which you and I have questions about, but this model stays in place. But we are going to complement this model with the local control model, the parental and local involvement as an additional infusion of money so you will have money flowing into this model and then you will have that other chart with this person. This is confiscation. This guy has no choice. He has got to put the money into here. He or she will also have the opportunity whether they want to send some money directly through here, bypassing that system.

And, like I said, what we have found in the States that have introduced the tax credit proposal, this person when they have got the direct ability to make a decision as to how that money is going to be spent and when they know the children, they know the schools, they know the people who are running those schools and when those people have built up their confidence with their constituents, this person will write them a check to make their school better and to make their kids better educated.

Mr. SCHAFFER. It is a great model. Again I really commend the leadership of these various States that I mentioned that have initiated the tax credit philosophy and are seeing it work in their States. They have done so on a bipartisan basis. Once again, this is not a partisan sort of thing at all. These kids do not care whether Republicans or Democrats introduce these bills. What they want is they just want them to pass.

If I can use my State as a good example, we have got this debate taking place in the State Legislature of Colorado today. Right now it is taking place. What we have there is a Republican in our State House of Representatives who introduced this legislation and the same bill is being carried in our State Senate by a Democrat and a pretty liberal one at that. So you have both ends of the political spectrum that are rallying around children for a change.

That is the kind of political unity that I think we need to see more of in this Congress and hopefully it does not have to only take place around tragedies and terrorist attacks, and we can finally have this kind of unanimous consent around something that is positive and something that provides hope for the Nation, and that is our country's children.

Mr. HOEKSTRA. What this is not about is about process. It is not a debate about process. What this is about is making sure that we put our children at the forefront and their education. That is what the whole debate always should be about. It should not be about all these other things. It should be how we are making sure that every child gets a good education, that they can all do reading, writing and math. How do we make sure that we do not leave a single child behind. That is



one of the things, and that is why in the States that they are moving to the tax credit as a complement to the bureaucratic model is that they recognize that in too many areas we are leaving too many kids behind.

Republicans, Democrats, liberals, conservatives, African Americans, Caucasians are coming to the conclusion together that, just like testing in and of itself is not the total answer, just like more money through the bureaucratic model is not the total answer, tax credits, you and I, I do not think, believe that tax credits in and of themselves are going to revolutionize education. More parental involvement is not by itself going to do it. But if you take each of these, if you allow for more local control, if you put in some accountability measures so that parents get a better indication as to exactly how a school is performing and how their school is performing versus their neighboring schools, that you put more money into the bureaucratic model and that you put money into the tax credit model which builds the relationship between a community and their schools, all of these things together should move us forward more rapidly than what we have.

The disappointing thing, and I do not have the statistics, but is it not like during the last 20 years, we have really not improved at all in our test scores and maybe in a number of areas we have actually decreased? We have got all this technology, we have got all of these new capabilities and understanding how kids learn, and the end result is that after learning everything about how kids learn, you would think we would have developed methods that you would have seen our test scores skyrocket.

□ 1830

But they have basically stagnated or, in some cases, they have decreased, and that is unacceptable. There is no reason why they should be stagnating or decreasing. So there is not a single silver bullet that will fix this. But what it is, it is taking a mixture of these things; and in Colorado, a certain mixture may work, or maybe in Denver a certain mixture will work, and in other parts of Colorado, something else will work, depending on exactly what is in the community, the state of the schools and those types of things; and that is what we are trying to do, is to allow people at the local level to tailor their educational system to meet the needs of their students. It is not like this is a free-for-all. They are going to have the State regulations and the new Federal mandates and those types of things, but it is going to give them more opportunity to reach for and achieve high standards.

Mr. SCHAFFER. Absolutely. This element of choice is really key to the whole proposal. The reality that our standing, when compared to our international peers, is being diminished over time in math and science in par-

ticular, is a real problem. Not all schools in America are culpable in that regard. Some schools do, in fact, a very, very good job. It is a big country. We have lots of schools, lots of approaches, lots of managers. Most of them are competent and, in some cases, we find that they are not. They tend to be isolated in urban inner city areas, these schools that are failing to give children a decent education. In those cases, Americans really, the rest of us in America need to be quite concerned. We need to find ways to reach out to these kids.

In every single State in the Union, these scholarship organizations have popped up that provide, that collect private money by way of donations to try to provide scholarships to some of these kids trapped in the worst schools. In fact, I have a map that was produced by just one of the organizations. It is called the Children's Scholarship Fund, and the Children's Scholarship Fund, again, it is just one organization that provides scholarships. They raise private money to provide scholarships. This blue area, everywhere we see blue on here tells us where they have received applications for scholarships. It is basically all across the country. These red areas is where we have high concentrations of applicants who have applied to try to get some of these scholarships. As my colleagues can see, the greatest amount of interest is in inner city areas, in Atlanta, in New York, in Washington, in Detroit, in Chicago, in Los Angeles, and so on. This is where we see the greatest level of interest is from inner city areas where children and their parents are applying for these scholarships so that they can afford to go to schools of their choice like other Americans can do.

Mr. HOEKSTRA. Mr. Speaker, I think we have to be a little careful about calling them failing schools. I think what we have identified is that in those areas and other areas there are kids, for whatever reasons, that are falling through the cracks. It could be a problem with the schools, or it could be other issues that are affecting it; but in each of those areas, there are people that are saying, man, what I need and what I need for my kids just is not matching what I am getting.

Mr. SCHAFFER. Exactly.

Mr. HOEKSTRA. What we are finding then in each of these areas is we are finding people who are going out and embracing these kids and trying to give them an answer to make sure that they will enter adulthood well prepared for high-quality, high-paying jobs.

The other thing that we will find is that in Detroit and these types of places, if they have identified that the schools are part of the problem, many of these people are also passionate about improving their local public schools.

Mr. SCHAFFER. Right.

Mr. HOEKSTRA. They are not giving up on their local public schools. They are passionately involved in fixing

their local public schools. They are passionate about helping the kids out that are falling through the cracks right now. So there are a number of different ways that they are approaching it, but in no way has this become public versus charter versus other forms of education, versus home schoolers. This is really a national movement of people saying, I want to improve education and I want to make sure that we do not leave a single child behind, and there is a whole range of strategies that we need to embrace and take a look at for making sure that that is what happens.

Mr. SCHAFFER. Mr. Speaker, this chart on my right is an illustration of just one scholarship fund that exists in America, the Children's Scholarship Fund. This is where the interest is and where people have applied.

What we want to do is take a look at how widespread this interest is and actually enhance it and improve it. Because the reality is, the scholarship fund does not have enough money to give to all of the children who wanted the kind of choice that that scholarship allows. This is a chart that shows the distribution of where those scholarships went; and as my colleague can see, although it is impressive, it is in far fewer areas than the interest indicates. And by providing a tax credit, we cannot only help this particular fund, this is just one of them; we will help them get more money, certainly, so that they can make more loans; but just imagine that there are these kinds of organizations that exist in every single State.

Mr. HOEKSTRA. Remember, Mr. Speaker, this is for a very narrow purpose. This is for scholarship funds to assist kids to go to a private school, a private or parochial school. Just imagine what happens now when we expand this to a tax credit and they get a tax benefit. These are all people who are willing to pay more money into education than what they do today; and if we expand it, think of all of the people that would be willing to pay into their local public schools, to their private, to the scholarship funds, for tutoring, and those are all people who are willingly today paying more to improve education.

That chart would be fully red if we would allow tax credits to go to public education, because there are strong constituencies and supporters of public education around the country that, with a tax credit, would be really motivated to say, I am going to help my local school, and this is going to be the thing that is going to push me over.

Mr. SCHAFFER. Mr. Speaker, that is our goal, is to change the Tax Code in a way that makes it easier for Americans to contribute to these kinds of organizations so that they can help more children, not just these kinds of organizations, but also contribute directly to schools. As shown on this map, this is an impressive distribution of private funds to America's children, but it is

possible that this entire map can be colored solidly red with every child in America having access to additional funds generated through an education tax credit, and it will benefit all children.

Mr. HOEKSTRA. Mr. Speaker, this is what we are talking about, bringing a massive infusion of new money into education. This is nontax credit money going into education for a very specific purpose. If we do a tax credit, we will see an entire map being red and dollars going to help all of our kids at the local level to make sure that we do not leave a single child behind.

Mr. SCHAFFER. Mr. Speaker, it is an exciting proposal and it is one that is just a few weeks away from being introduced. We expect it on the floor sometime in June. We are very appreciative of the President's commitment, personal commitment and obligation to help us see this legislation passed; and we will talk about it more over the coming weeks.

Mr. Speaker, I appreciate the opportunity to be here this evening, and I thank the gentleman from Michigan (Mr. HOEKSTRA) for joining me.

#### COMMUNICATION FROM THE HONORABLE PORTER J. GOSS, MEMBER OF CONGRESS

The SPEAKER pro tempore (Mr. GRUCCI) laid before the House the following communication from the Honorable PORTER J. GOSS, Member of Congress:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, May 6, 2002.

Hon. DENNIS J. HASTERT,  
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a civil subpoena for documents and testimony issued by the United States District Court for the District of Columbia.

After consulting with the Office of General Counsel, I will make the determinations required by Rule VIII.

Sincerely,

PORTER J. GOSS,  
Member of Congress.

#### COMMUNICATION FROM THE HONORABLE DAVID L. HOBSON, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable DAVID L. HOBSON, Member of Congress:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, May 6, 2002.

Hon. DENNIS J. HASTERT,  
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a civil subpoena for documents and testimony issued by the United States District Court for the District of Columbia.

After consulting with the Office of General Counsel, I will make the determinations required by Rule VIII.

Sincerely,

DAVID L. HOBSON,  
Member of Congress.

#### COMMUNICATION FROM THE HONORABLE NANCY L. JOHNSON, MEMBER OF CONGRESS

The SPEAKER pro tempore laid before the House the following communication from the Honorable NANCY L. JOHNSON, Member of Congress:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, May 6, 2002.

Hon. DENNIS J. HASTERT,  
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: This is to formally notify you, pursuant to Rule VIII of the Rules of the House of Representatives, that I have been served with a civil subpoena for documents and testimony issued by the United States District Court for the District of Columbia.

After consulting with the Office of General Counsel, I will make the determinations required by Rule VIII.

Sincerely,

NANCY L. JOHNSON,  
Member of Congress.

#### MEDICARE PRESCRIPTION DRUG BENEFIT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from New Jersey (Mr. PALLONE) is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, this evening I plan to spend most of the time discussing the need for a Medicare prescription drug benefit. I come to the well, to the floor this evening primarily because of my concern that the House Republican leadership is talking about, certainly presenting itself to the media, that they intend to bring up a prescription drug proposal at some point over the next couple of weeks. I am very concerned that their proposal is really nothing more than a sham and not something that is actually going to benefit any significant portion of the senior population.

I thought what I would do this evening is that I would start out by sort of outlining what I believe, and what Democrats as a whole in the House of Representatives feel we should be doing about prescription drugs.

First of all, I should say that the Democrats feel very strongly that the biggest problem with prescription drugs is the cost. The fact of the matter is that whether one is a senior, whether one is over 65 or whether one is under 65, it is getting to be more and more difficult to pay for one's medicine, because of the fact that the prices keep going up every year. Double-digit inflation, essentially, we have had with regard to prescription drug prices for the last 6 years. Every year, the cost

goes up by a double digit percentage point. Democrats are determined to address the cost issue and to say that whatever benefit package we arrive at has to address the issue of cost and try to bring prices down.

The other major issue for Democrats is that this plan, this prescription drug plan or legislative proposal has to be a Medicare proposal. In other words, right now we have a great program called Medicare that all seniors over 65 know that they are guaranteed certain benefits, whether it is a hospital stay or, if they are participating in part B of Medicare on a voluntary basis, their doctor bills are paid, and there is no question about what is covered essentially and is not covered, because there is a guaranteed benefit package for every senior, for everyone who is over 65 who is eligible for Medicare.

We insist that that be the case for the prescription drug proposal as well. This has to be a benefit that is added to the Medicare program and that every senior, just like with part B when seniors pay so much a month at a very minimum premium to cover their doctor bills, that they would pay so much per month at a very low premium to cover prescription drugs, and they would know that they would be able to guarantee that prescription drugs were paid for pursuant to Medicare as part of their program.

The other thing that we insist on is that this program be generous enough, in other words, that the Federal Government be paying enough of the cost of their prescription drugs so that it makes sense for one to voluntarily pay the monthly premium, like they do in part B for doctor bills. In other words, the benefit has to be significant. We have talked about as much as 80 percent of the cost. If we analogize what we have now for part B for doctor bills, what the Democrats are essentially saying is that we want a prescription drug benefit that is very similar to the Medicare structure for doctor bills, in other words, that there be a fairly low premium per month, that the deductible be as low as possible, something like what we have for part B to pay for doctor bills; that the amount that the Federal Government pays is significant, probably something like 80 percent with regard to part B to cover doctor bills; we pay a premium and when the bill comes in, the Federal Government pays 80 percent of the cost.

Well, that is the kind of generous benefit that we want to provide for prescription drugs, and that there be some point, we call it a catastrophic level, at which point if one paid so much out-of-pocket over the course of the year, that the Federal Government would cover the entire cost.

Now, let me contrast what I just said and what the Democrats would like to see with what we are hearing from the Republican leadership in the House. I want to stress that what we are hearing is not very good on any of these